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OUTLINES FOR ISRAEL'S PATH TO SOCIALISM

by

Esther Vilenska



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of 1968. It is up to you whether this will also be the last issue altogether.

For already it is evident that the financial means which the Communist Party of Israel can place at our disposal to cover our deficit in 1969 will be less generous than in the outgoing year.

It was our custom to send our bulletin free to new readers; many have begun to send in their subscription, but there are others who have got used to this "convenient" arrangement, taking it for granted, without paying attention to our reminders, that we are badly in need of their subscription (including the high postage costs).

As the new year begins, we shall have to check our mailing list carefully and cut down to a minimum the list of non-paying recipients. Naturally, we shall continue to send our bulletin to institutions, editorial offices, etc. But we must ask private readers to send in their subscription payments in order to ensure continued regular publication of our bulletin in English, French and Spanish.

If the bulletin and what it stands for are important to you, you will want to make sure of receiving it regularly throughout 1969. Please, then, send us your subscription immediately, according to the following rates, which have not been changed since last year :

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We sincerely hope that you understand our situation and will wish to ensure regular receipt of the bulletin. Please send in your subscription by return post.

That will make a good start to the new year. We send you, dear reader, our new-year greetings; may 1969 be a year of peace and of advancement for the cause of national independence and liberation, brotherhood between nations, democracy, social progress and socialism .

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The strivings of our people for social justice and for peace go back to antiquity. These aspirations are woven in the very fabric of our long history. The protest against the sacking of the poor and other forms of exploitation of the labourer by the wealthy and the powerful found expression in the earliest of periods. This protest finds expression in the Books of the Prophets, as well as in cultural creations and popular movements through the generations which cried out against exploitation and injustice. The cry to "raise the destitute out of their misery and the paupers out of the filth" expressed not only the protest against injustice but also deep yearnings for social justice.

In contrast to royalty, which was up to its neck in wars, the prophets dwelt on the vision of peace and fraternity between the nations - "and they shall beat their swords into plowshares".

The transition from capitalism to socialism is a natural process which has taken place in one third of the world. This process will continue in all countries, including Israel. Since the development of the Israeli working class, the social basis for the struggle for social progress was established.

DIFFERENT MODELS OF SOCIALISM

Socialism in Israel will not come from abroad, but as a result of internal developments within capitalist society, as the logical and justified resolution of sharp contradictions within this society. This socialism will not be a copy of the existing models in other socialist countries. The socialism for which we strive in Israel will be achieved by the working people in cooperation with the different workers' parties which support socialism and with other progressive groups. We are striving to bring about the transition to socialism in Israel by democratic means. The socialist system in Israel will bring into effect the widest democracy in economic, political, cultural and social life. It will ensure the maximum freedom to everyone and will bring about the complete emancipation of the exploited worker.

Broad social groupings which suffer the most at the hands of big capital will fight for socialist transformations; the working class, the working intelligentsia, cooperatives in agriculture and

progressive political organisations will also contribute to the establishment of socialism.

Lenin stressed that all countries will reach socialism, but along different paths. Each people will contribute something original to the democratic forms, and to the various forms of transition to socialism.

The basic content of our era is the revolutionary process of transition from capitalism to socialism. The socialist system of society is not cut out of a single model. There are different models. The Soviet model is not universally valid.

The adaption of Marxism-Leninism to the specific conditions of Israel means, among other things, to find expression for the traditions of the labour movement and its multiple party structure, a respectful attitude towards the political parties, whether these parties act within the framework of a single front or whether they prefer independent political action.

Socialist power in Israel means government of the people faithful to the interests of peace, national independence, democracy, social progress, the fraternity of nations and socialism.

Socialist rule is sovereign and not subservient to any foreign power. It will free the working class from exploitation and will create the conditions for the overall development of each individual.

The one-party system in the Soviet Union is not generally valid in socialist society. The existence of a single party in the Soviet Union can be understood on the background of military intervention by 14 capitalist countries against the Soviet Republic in 1918 and as a result of the fact that the other parties did not defend the government of workers and peasants.

The socialist system granted great achievements to the Soviet peoples in economy, culture, society, science, etc. It brought about the abolishment of class exploitation, ensured the right to work, shortened the working week, guaranteed free education and free health services, etc. However, there took place - at the time of the Stalin cult - grave violations of socialist democracy. These distortions were exposed by the Soviet Communist Party in its 20th Congress in 1956. The removal of these distortions is of vital concern for the interests of socialism.

There is no question that the matter doesn't rest here and that the democratization process will go on and deepen, and will bring with it changes in internal and external policies in the direction of democracy and peaceful coexistence.

Among the important values stressed in the democratization process in Czechoslovakia is the theoretical proposition and the practical realization of the principle that the political organisations of the people must participate in the exercise of state power. Forms of political life were developed in order to enable the working class and all other toilers and their organizations to influence policy decisions within the framework of the socialist society. Censorship of the radio, press and television was abolished. Freedom of expression and the constant exchange of views within the Communist Party and within the framework of public life in general - are the basis for the best possible solution of problems in the interests of the people.

The role of the trade unions also in socialist society is to defend the interests of every section of the working class, in every case where this is necessary. The abolishment of every form of national discrimination, and giving full state expression to the equality of nations - are among the pillars of socialist democracy.

The Communist Party of Israel has expressed deep solidarity with the democratization process in Czechoslovakia. This is a process for the rejuvenation of communism, since it combines the socialist economic base, social ownership of the main means of production, with the maximum development of democracy in public life and in the governing system, i.e. with a democratic superstructure on the socialist base.

THE ADVANTAGES OF THE -- SOCIALIST SOCIAL SYSTEM --

The private capitalist ownership of the basic means of production and the race by the capitalists after maximum profits hinder the full development of the productive forces, create economic crises systematically, bring about intensified class exploitation and the offensive of the capitalists against the living standards of the masses. The social ownership of the basic means of production will abolish the contradiction between the social nature of production and private appropriation of the fruits of production.

The transition to socialism will allow the full use of the productive forces, the achievements of science and technology and their undisturbed development on behalf of the whole of society.

The foundation of socialism is the social ownership of the basic means of production. However, its advantages express themselves not only in the basic change of property relations. It creates the conditions for permanent scientific planning, for the most modern industry, the undisturbed development of the whole economy.

The social ownership of the basic means of production will abolish the insoluble contradiction between the interests of opposing social classes, the workers and the capitalists, and will basically change the whole social structure. The masses of workers, the majority of the population will acquire in theory and in fact the right to decide economic and political questions of major importance.

The constant coordination between the social ownership of the basic means of production and the widening of democracy, freedom to create and freedom to criticize, constant and full participation of the people's masses in state power - will be the guarantee to socialist humanism, to political and economic democracy, to the government of the working people in the proper meaning of the word.

The new society will need people of the highest educational level, with all around personalities and will in turn create the best conditions for the overall development of the individual. The socialist system can grant to society as a whole and the individual in particular optimal material and cultural conditions for many-sided development and to enhance human and moral values.

The socialist system, adapted to Israeli conditions, will allow the overcoming of weaknesses in the economy's structure, the instability in the economy and the crises hitting our country; will enable the guarantee of permanent employment for all who demand work and the utilization of the full creativity of the masses in the interest of the whole people and in the satisfaction of constantly expanding material and cultural needs. Together with the full development of the productive capacity, the socialist society will simultaneously increase the purchasing power of all social strata.

In establishing socialist society, the working class will fulfill its historical mission to build Israeli society on the foundations of social justice and the fraternity of nations. A vital factor in the tran-

sition to socialism will be the unity of the forces of the working class, the activity of the workers themselves and the growth of the class struggle to a new phase of battles for democratic transformations in the economy and in society. This will come as a result of conviction that the capitalist system is unjust and that the working people can and must become the real masters of the wealth of our country.

Socialist Israel will maintain friendly relations with peoples struggling for independence and progress and the countries building socialism ; it will be able to serve as an example in different economic and social areas and to grant aid to other countries and certainly will benefit from mutual assistance by other friendly countries.

PEACEFUL TRANSITION

We want to reach socialism in Israel peacefully without civil war, by winning the vast majority of the working people over to the idea of social justice. In the present international conditions which developed after the second World War and the rise of the world socialist system, the possibility of the transition to socialism without civil war has been created. Peaceful transition - means the development of class struggle in the ideological, economic and political fields and winning over the majority of the people to support socialist changes.

In our days there is a possibility of reaching socialism peacefully. The socialist transformations will take place only when the working class and the wide masses will struggle for them and will be determined to defend the revolution also in the case of armed resistance by the exploiters.

Democratic reforms in the Israeli economy which penetrate the structures of monopoly capital, creating public supervision and restricting the power of capital can be part of the deeper revolutionary changes leading to socialism.

An important condition for this is the wide development of class struggle, the strike movement and demonstrations designed to defend the workers in the city and the countryside, to draw them into decisions in the productive process, to restrict power of capital, to establish a government of the working people, to ensure national independence and peace. Together with the revolutionary movement in the street there can be a parliamentary majority when the great

part of the working people in Israel will become convinced, on the basis of their own experience, of the vital necessity to effect socialist changes.

The revolutionary character of the transformation to socialism is determined not by the violence of the transformation but the basic change in the area of ownership of the basic means of production, changes in the relations between the different social classes.

The fact that the government encourages big capital and its privileges - will cause an expansion in the scope of the class struggles. The transition to socialism will be a result of many economic and political changes, which were originally of an antimonopolistic character and continue on in anti-capitalist changes, i.e. of a socialist character.

PARLIAMENTARY DEMOCRACY

We attach great importance to the democratic freedom won by the masses in long class battles within the capitalist framework. These democratic rights may in no case be narrowed but may only be widened and deepened. These rights are of important value and a basis for the development of additional battles to deepen democracy and widen it.

Scientific socialism teaches and reality confirms that there is a deep connection between the popular fight for democracy and the historical struggle for socialism. It is impossible to reach socialism without an intensified struggle for democratic rights. It is likewise impossible to effect a maximum deepening of democracy without moving forward to a new social system, to socialism. In Israel, full and inclusive democracy will be established only with the abolition of the control of the big capitalists of the means of production, when the decisive control in political and economic spheres will be in the hands of the working people.

Parliamentary democracy in Israel - is one of the important achievements of progress in our country; nevertheless, we do not ignore the limitations within the capitalist framework. The rulers of the capitalist state attack different democratic freedoms when the capitalists are afraid that certain freedoms which the workers have acquired might undermine their material and political class interests. The draft law requiring previous notice prior to strikes is an attempt to restrict the right to strike which was won after long battles during

the period of the British mandate in Palestine. The plan to raise the minimum percentage for representation in the Knesseth, from one to five percent, despite the fact that the Labour Party together with Mapam have a sure majority, proves the existence of anti-democratic attempts to prevent, by administrative measures, representation of left-opposition forces.

Instead of the unsatisfactory existing set-up in which the Knesseth merely receives, in many cases, information on vital decisions taken secretly by the government or by only a group of ministers, in Socialist Israel the Knesseth will be the real supreme body which decides in theory and in practice all the important matters, supervises the government and guides its policies. It will grant to the country an enlightened and progressive constitution which will exemplify national sovereignty and popular power with the working people in the center. The socialist system will fortify the authority of the Knesseth and strengthen it as the supreme legislative body.

Socialism - means not only the nationalisation of the basic means of production but a new set of progressive and peace-loving relationship between the Jewish and Arab peoples and between people in general on the basis of respect for man, his labour and creations, humanism and the fraternity of nations.

The moral foundation of the socialist system is the brotherhood of men and nations, the development of the individual and human relations between men. Socialism is the height of concern for man.

In conformance with our democratic concepts, a socialist Israel will certainly not introduce death penalty.

Socialist Israel will ensure in theory and in fact the freedom of speech and publication, assembly and public organisation- excepting the incitement to national hatred, racism and war which shall be prohibited by law. Socialism in Israel will ensure the freedom for the non-socialist parties providing they respect socialist law and operate within its framework.

The right of citizens of Israel and their public organisations to criticize the policies of the government or failures in the socialist government practice will be fully guaranteed. Local and central bodies will have to pay heed to criticism and take steps to correct mistaken policies. The people's power has no reason to fear criticism. The freedom of opinion, its expression and criticism will encourage the masses to take an active interest in the basic problems of the

state and to take responsibility for their correct solution.

It is the advantages of socialism in raising living standards, in developing the economy, the culture, etc, which will convince its potential opponents to support the socialist system.

THE COMMUNITY OF INTEREST BETWEEN RELIGIOUS AND NON-RELIGIOUS WORKERS -----

On the basis of our premise that all workers have a common class interest, we stress that we see in religious workers brothers-in-arms in the trade union, democratic and socialist struggles in Israel. Differences of opinion as to whether the origin of the world is material or spiritual is a matter of meditation and unconnected with the day-to-day political struggle. These differences of opinion between the materialist world outlook and the religious outlook should not be a source of disunity in the common struggles of the workers. The communists, socialists and the majority of the people of Israel are for the separation of the church and the state. The constitution of socialist Israel will abolish those Rabbinical laws of ancient times which discriminate against women (for example, the Law of Marriage and Divorce) ; it will base the laws of personal status on an enlightened secular basis, while ensuring the freedom of religious worship to all devout people. Just as religious and non-religious workers get together in the defense of their rights, it is natural that they work together with understanding and fraternity in the big battles for peace, independence, democracy and socialism

PERSONAL PROPERTY -----

The abolition of the private ownership of the basic means of production will abolish the exploitation of man by man. The only measure of value of the individual will be his work, his industriousness and his good characteristics. Since everyone will be remunerated in proportion to his labour, all his earning will be his own property. Moreover, socialism will enable the labourer to accumulate more personal property than he could in capitalism. The only restriction will be the prohibition of converting private property into means for the material exploitation of another person.

The laws of the socialist state will ensure that personal property passes in inheritance. The increase in the national income in

socialist society will be devoted to raising the living standard and consumption , to the advance of production, services, science and culture. If a person be temporarily incapable of working, there will be no cause for him to worry about material support. The aged will enjoy the reverence of society and ensured material existence. Socialist society will see itself obligated to guarantee all of its citizens a good standard of living. There will be no longer the burden of mortgages for acquiring apartments, since house-building will not be based on capitalist calculations. The tax burden will be greatly reduced and will not be onerous for the workers, craftsmen, agricultural cooperatives and intelligentsia, as it is in the capitalist system. Social insurance will be widened and increased, covering more and more aspects of life. Socialism will eliminate the curse of unemployment. The worker will not have to worry over a job. The right to work will be guaranteed in theory and in fact.

DEMOCRATIC STRUCTURAL REFORMS

On the agenda of the economic and social reality in Israel there stands the campaign for qualitative democratic reforms in the economy and the policies of the government. This means the restriction of monopoly power, democratic public supervision of the banking system, the participation of the workers in the administration of the private and Histadrut-owned factories, as well as the big corporations and the government-owned concerns ; a law ensuring jobs, a change in the tax structure, etc. The path to structural reforms is along the advancement of the class struggle to a new phase, linking the economic and trade union struggle with legislative and political demands. In this more advanced phase, the workers in the shops and the workers' parties will put forward demands for democratic political reforms.

The democratic reforms which will be won in the framework of capitalism will not be the last word but will serve as a lever to raise the struggle for socialist changes. Material conditions for the revolutionary transition to socialism become riper and riper. Democratic structural reform which will restrict the power of big capital will be of intrinsic value in itself and at the same time be a step in advancing socialist changes.

To the degree that the workers widen the arenas of their struggle - moving onwards from day-to-day economic demands in the name of all parts of the working class towards democratic changes - to that same degree the workers will demonstrate their central

role in society and in its economic and social advance.

WORKING CLASS UNITY OF ACTION

Socialism will come when the great majority of the working class recognizes its necessity. We have no monopoly on socialism. We know that wide circles among Israeli toilers aspire to social justice. Unity of action forged in the common struggle in the factories against big capital will create a great and invincible force. In the developing strike movement in our country, the workers of Israel are going through a most important school, learning the supreme necessity for unified action by all workers, irrespective of political outlook and party affiliation. For the daily common aims and for the wider objectives, cooperation between Communists, Socialists, religious workers and unaffiliated workers is definitely possible, despite political and ideological differences of opinion, since what unites Socialists and Communists is stronger than that which separates between them.

Communist-Socialist unity of action is not a temporary need but a permanent and essential requirement in order to win over the majority of workers to support for the ideas of socialism, to effect socialist changes, as well as in the period of consolidation of the socialist regime.

Through the unity of the working class together with other democratic forces, on the basis of class and national loyalty it is possible to overcome the economic and political strength of monopoly capital.

Many questions seen in a new light today enable a greater closeness between Communists and Socialists in place of the dispute between them in the past (for example, the possibility of peaceful transition to socialism).

It will not be in the power of a single workers' party to bring about basic economic and political changes in society. Cooperation between workers' parties in the struggle for peace and socialism does not necessarily mean the amalgamation of the parties but definitely allows for programmatic coordination. We are against any of the parties , whether the Communists or the Socialists, demanding for themselves hegemony over the others. The transition to socialism presupposes unity of action based on mutual trust between the parties forming a front for united action. This is possible, of course, only

on the basis of equal rights between them. Which of the parties will be the actual leading force on the path of socialism will be determined by developments, on the basis of each one's contribution to the advancement of socialism, in theory and in practice.

The aim of our party is not to weaken other workers' parties. The chief force weakening the workers' parties is the attack of the right-wing forces against class-conscious workers.

That workers' party which is guided in its actions by scientific socialism, based on the complete merger of Israeli patriotism and proletarian internationalism, will fulfill an important role in the struggle for socialism.

THE CENTRAL ROLE OF THE WORKING CLASS IN ISRAELI SOCIETY

The working class and all other wage-earners are not a marginal part of Israeli society but constitute the overwhelming majority within it. It is the central force in the production of all material goods, but is at the same time deprived of ownership of the means of production. According to data supplied by the Institute for Economic and Social Research of the Histadrut Executive, in March 1968, the wage-earners constituted 72.5% of all providers in Israeli society.

The number of wage earners, out of the total employed, rose during the last five years, from 68.9% to 72.5%, evidencing the ascending trend in the proportion of wage-earners among all employed. In absolute numbers, the number of wage-earners in 1967 reached 605,000, 174,000 - in industry and handicrafts, 184,000 - in civil and public services, 53,000 - in the building industry.

It is the working class which produces all material values and in spite of this it has no influence in the mode of production. The working class is the most progressive one in society. It is bound to the advanced means of production. Improvement in its standard-of-living is linked to technical progress, economic development and social progress, in general.

The working intelligentsia, both in science and in production is a part of the working people in the broad sense of the word, suffers under the capitalist régime, and in accordance with both its material position and its aspirations, is interested in a system of social justice. Socialist transformation is the intelligent and right alternative to the present status of the great majority of Israeli working people.

Socialism will not come of itself. For its achievement organised public activity is necessary, so as to develop the class and political struggle against class exploitation. The wage-earning public is not a secondary factor, but fulfills a central place in production. With the development of the productive forces - the importance of the working class in Israeli society steadily rises. Because of its social position it is in an immitigated contradiction with capitalist property relations. The striving to reach a system of social justice is not only in the interest of the working people but is fused with the entire interests of development and progress of Israel. The working class is the central social subject of the struggle to widen general and political democracy, as well as for the transition to socialism.

THE RULE OF MONOPOLIST CAPITAL IN THE ECONOMY

In opposition to the theories of those who embrace reformist ideology and who claim that in Israel there are no big capitalists to be found and that, therefore, there isn't anybody to wage the class struggle against, the facts show that the rule of monopoly capital is growing stronger in Israeli economy.

The typical process in the Israeli economy is growing concentration of monopolist production and organisation. Even though Israel society is in the main composed of wage-earners, economic might is not concentrated in the hands of the working people, but in the hands of groups of private capitalists. Their influence encompasses many branches: banking, insurance, industry, real-estate brokerage, import and export, etc. The scope of cartels, on the basis of which factory-owners sign mutual agreements, is steadily widening, thereby raising prices to the maximum possible, establishing production quotas, dividing up markets and profits, etc.

Fundamentally, the tendency of the Israeli economy is determined not by its development requirements nor by the consumers interests, but by the class interests of the big capitalists, which devour small and medium enterprises in different branches of the economy. The number of employed in big enterprises grew more than the general number of employed. The presence of hundreds of Israeli workers in big shops creates conditions facilitating the deepening of class consciousness. The overwhelming majority of big industry in Israel (shops employing more than 50 workers) is in private ownership.

Growing monopolist integration brings with it an artificial rise in prices and profits - it emphasises the fact that the private ownership of the means of production grants decisive economic advantages to a small number of big capitalists, local and foreign. For the working masses,

on the other hand, private ownership of the basic means of production means growing class exploitation, poverty, insecurity in employment, and a widening gap between real wages and the ever-widening material and cultural needs of the workers.

The survey published by the Bank of Israel proves that in almost two-thirds of Israeli industry, the three biggest producers concentrated more than 63% of the total production of a given product. The six biggest producers of each given product concentrated, on an average, 76% of total production of that product. The Bank of Israel survey states that in different countries a concentration representing 30% of production in a given product is designed as monopolistic. From this stems the conclusion, that the rate of concentration in Israel industry is considered higher than the standard in diverse countries.

In an essay by the economists S. Zarhi and A. Aviezer, published in "Basha'ar" Nr. 62, the authors point out the establishment of strong groups of private capital, their activity and the measure of their expansion in most branches of the economy. They become a factor concentrating in its hands a great measure of economic power enabling them to dictate their terms.

The four groups of distinctly private capital are : the Discount Bank group, the Central Society for Trade and Investment group, the P.E.C. (Palestine Economic Corporation) group, the new Wolfson group, and also the Bank Leumi Le'Israel group. The capitalist group centering around Discount Bank is one of the most prominent and rich ones in Israeli economy. Discount Bank is one of the three biggest Banks having decisive influence on the Israeli money-market. According to data published by the press, its deposits totalled 1,697 million Israeli Pounds, comprising 26% of all bank deposits in Israel.

THE INFLUENCE OF BIG CAPITAL GROUPS

The investments of the Investment Corporation of Discount Bank at the end of March 1966 were spread over most branches of the Israeli economy. It had invested big sums in and exerted influence over basic enterprises such as the Dead Sea Works (one million IL), Petro-chemical Industries (0.5 million IL), Delek Corp. (2.4 million IL). the Eilath-Haifa oil pipe-line (0.7 million IL) ; it invested 3.6 million IL (33%) in the Central Mortgages Bank and in the Municipalities Fund (0.5 million IL). It owns 50% of all shares in the electro-mechanical enterprise ELKO, 22% of all shares in the tyre-producing factory Shimshon, 18% in ARGAMAN, 29% in IS-CAR, 60% in ELRON, 80% of all shares in the textile factory POLARING, as well as in the factory for lubricators and chemicals SHEMTAN, 49% in the radio factory PILOT,

investments in real-estate and building enterprises. It owns shares in the MEHADRIN Corporation, NETIOTH HADAROM and in many other enterprises. And so the Investment Corp. of Discount Bank is active in the fields of industry, real-estate, housing, banking, insurance and trade. By spreading investments over most parts of the economy and exploiting opportunities to capture positions, the Discount Bank group succeeded in establishing for itself economic influence and positions in many enterprises and different branches of the Israeli economy. The principal profits of the Discount Bank Corp. come not from production, but from loan-transactions and diverse financial actions as well as from real-estate and brokerage business.

The Central Society for Trade and Investments is another big capitalist group having a marked commercial basis. It was founded in 1944 by the corporations dealing in retail and import commerce, as for instance Gerson Gurevitz Ltd., Teiber Bros. Ltd., the Svirsky Brothers, Glikmann Ltd., Mann, Bermann and others. Together with SOLEL-BONEH it bought up the big NESHER Cement Works, established the ORDAN foundry at Nathania and is an important partner in the tyre factory SHIMSHON, as well as in the textile factory KITAN DIMONA. The Central Society for Investments is also active in the field of real-estate. It bought up 200 dunams (app. 50 acres) of land in Haifa Bay and erected storage buildings and factories there. It established the SIDONIA Corp. Moreover, it is among the principal share-holders in the ASDOD Corp., which received thousands of hectares of land from the Ministry of Development at near zero prices. The corporation also branches out into the banking and finance business: it is dominant in the local Finance Bank, has invested heavily in the Brussels Banque Centrale and also develops financial business in Switzerland. This corporation is active in internal trade as well as in the import and export business. It also has investments in the local LEYLAND Corp. as well as in BANK LEUMI LE'ISRAEL, etc.

According to the amount of investments, the Central Society for Investments is the biggest amongst all investment corporations in Israel. It reaps high profits.

The Palestine-U.S. Economic Corporation group, as well as the new Wolfson-Cloke-Meyer group concentrate foreign capital in their hands. The P.E.C. is a Jewish-American corporation founded in 1926 in the United States for business transactions in Palestine. It purchased 8000 dunams of land (approx. 2000 acres) in Haifa Bay in cooperation with the Jewish National Fund (KKL). Part of this land has been sold and the rest is being kept until now by its daughter-concern, the GAV-YAM Corp., for land-holdings. The P.E.C. is active in the field of banking

and credit (the Loan Corp. and at one time the Central Bank for Co-operatives), in catering (the King David Hotel), water works, building, etc. It has invested in the Potash Company and also in the Palestine Electric Co. The P.E.C. is also one of the principal partners in the ASHDOD Corp., and keeps two daughter-concerns NAVAH and YAKUM, which deal in building and real-estate. Together with all this the P.E.C. has started to branch out into industry, has invested in the big paper mills at Hadera, in the tyre-factory SHIMSHON, in the Petrochemical Works at Haifa and in other diverse enterprises, as SULITAN, SERAFON, TAMBOUR, TECHNICO, ASSIS, ELRON, ABIC, FRUTAROM (electro-chemical industries), The Palestine Can Co., etc. It is also an important partner in the company holding the Eilath-Haifa oil pipe-line and in the orchards-corporation Mehadrin. It keeps up activities in the realms of banking, insurance and also in the sphere of tourism, transportation and marketing.

The Anglo-Jewish millionaire Isaac Wolfson, chairman of the major British company "Great Universal Stores" (G.U.S.) is a leading element in this group. The local firm, Meyer Investment Corp. is connected with this group, as also are the British millionaire Clode and the Israeli Company RASCO - Rural and Suburban Settlement Co. Ltd. The main activities of this group in Israel are in PAZ Oil Co., in RASSCO, in G.U.S., in the Meyer Brothers Enterprises, as well as the Wolfson-Clode-Meyer Corp.

The Paz Oil Co. Ltd. was established in 1958, when a British group of capitalists headed by I. Wolfson purchased the installations of the Shell Oil Co. and transferred them to the new company. It owns a wide network of storage facilities and services. In 1962, it established an investment corporation named PAZ Investment and Development in Israel. The Paz Company has developed into a large concern dominating various activities of fuel services and oil industries in Israel.

G.U.S. -Rassco was established in 1956 by the British Company Great Universal Stores, in cooperation with Rassco in Israel. It invested capital in Electra(Israel)Ltd. - manufacturers of electrical equipment, Rastrom Ltd. - prefabricated houses, KOL-RON - electronics, Yair Lighting Engineering Co. Ltd., in Tenne-Noga Dairies Ltd., etc.

The Meyer family owns the Meyer Investment Corp. which dominates various industrial enterprises such as a plastic products factory in Petah Tikva, a synthetic wool and cloth fabrics plant, a calcium-carbide factory. This company is also in partnership with I. Wolfson in the Israel Export Bank Ltd. They have wide spread interests abroad, being linked with contracting companies carrying out building projects in various countries of Africa.

Wolfson-Clore-Meyer deals in building and development in which undertakings it has gone in partnership with the G.U.S. -Rassco Corp.

MONOPOLY CAPITAL HINDERS DEVELOPMENT

The technical advancements of our time and the automatization of production can create excellent conditions for the development of the economy, but the private ownership of the basic means of production by big capitalists is a factor hindering undisturbed development. Growing monopolisation in various branches of the economy exerts a detrimental influence on the economy of Israel and on the living standard of the wage-earners, craftsmen, agricultural settlements and wide sections of the people.

The concentrated economic influence of a few financial groups in hundreds of enterprises in various branches of the economy promotes the trend to price increases, the deformed economic structure favouring the extension of light industries, the onslaught on the rights and achievements of the employees and intensification of economic anarchy. The strong economic positions held by the richest capitalist groups (both local and foreign capital) in various branches of the economy provides them with opportunities to influence the Israeli legislation, the structure of taxation, the direction of government investments, intervention by the state against freedom to wage the class struggle as well as exerting pressure on ministers to freeze wages and social benefits.

The policy of Retrenchment ("mitun") pursued by the government in 1966 and 1967 is one of the characteristic expressions of this influence. The pursuit of maximal profits by the big monopoly capitalists has to some extent slowed down development, causing closure of factories and preventing existing equipment from being utilised to its full production capacity. It has caused delays in prospecting for natural resources (oil), etc. The monopolies as well as the various class organisations of the capitalists, such as the Manufacturers', the Contractors' and Farmers' Associations and groups of importers and exporters exert their influence on the government administration to secure privileges for the big capitalists, such as allowances, loan and incentives at the expense of the state budget, the greater part of which is financed by the masses of employees. Monopolisation strengthens finance capital and its closer cooperation with industrial capital. Thus a handful of big capitalists exerts a decisive influence on economic life, on price levels, on devaluation of the local currency, on restriction of the freedom of strike and on granting legal status to the privileged position of the big capitalists.

The permanent trend of the government in adapting Israel's economy to the interests of the monopolies and of the private importers and exporters, bankers and the other big capitalists, such as in the policy of Retrenchment and the devaluation of the Israel pound weakens Israeli economy, limits the possibilities of development and brings suffering to the working people who are the central factor of development.

The so-called Congress of Milionaires, i. e. the Economic Conference held in the spring of 1968 in Jerusalem, presented the following demands to the government : further freezing of wages, and above all restoring profitable government companies to private ownership. In the meantime the government has started implementation of this process by transferring the ownership of a number of state companies (The Scientific Translation Project, the Tefahot Mortgage Bank and the Industrial Development Bank) into the hands of foreign private investment corporations.

CLASS ANTAGONISMS ARE BECOMING SHARPER

Counter to the notion of the reformist ideologists that in our country, an affluent society is being created and that class antagonisms are growing weaker, in fact these antagonisms are growing sharper and the social gap is widening. During the years of Retrenchment, 1966 and 1967, veteran and skilled workers too were subject to arbitrary dismissals. In these years the nominal and real wages of a considerable part of the employees were lowered. The profits of the Israeli industrialists have risen since the Six Day War - (i. e. from June 1967 to June 1968) - by IL 300 - to 400 millions. During the first quarter alone, average industrial output per worker increased by 13% . At the same time, the workers got no share of the additional value of their output. In certain branches, the output per worker rose by 30% : in the rubber and plastics industries - by 30%, in chemicals - by 34% and in machinery - by 25%. On the other hand, wages remained frozen. These facts were published in the survey of Israeli industries in 1968, issued by the Ministry of Commerce and Industry's Planning Centre.

There has been a growth in agricultural output and in the population that is in need of adequate nutrition. Yet, surplus crops of fruit, vegetables and milk products are accumulating. These surplus yields - amounting to tens of thousands of tons - are accumulating not because there are superfluous supplies, but because prices are high and the purchasing power of a considerable proportion of the people is restricted.

When the estimates of the Ministry of Social Welfare were debated in the Knesset in July 1968, it was pointed out that the income of

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19% of all families in Israel in 1967 had been less than IL.400. - monthly and their share of the total income of the population was only 4 percent. At the same time, 10.6% of the families with high monthly income - IL 1,500. - and above - accounted for 27% of the total income. While two thousand millionaires are increasing their profits in Israel from year to year, one hundred and twenty thousand families are in the care of the Ministry of Social Welfare.

The monthly allowance paid by the Ministry of Social Welfare to single persons is IL.71. -, to couples - IL.110. -, and to families of three - IL.124. - or IL.35. - per person. This tiny allowance is below subsistence level.

While Israeli law guarantees profits for the capitalists, it does not guarantee jobs for the unemployed. The Law for the Encouragement of Capital Investments exempts foreign and local capitalists from taxation and grants them various bonuses. At the same time, the major parts of income tax is collected from the wage-earners. The government grants legal status to the organisations of cartels and monopolies who are raising prices and profits, while at the same time planning to restrict the freedom to strike by virtue of a law that provides for compulsory advance notice of a strike and introduces compulsory arbitration of disputes before labour courts.

The balance sheets and financial reports of companies and firms in the past financial year show that the capitalists greatly increased their profits in 1967 as compared with 1966. During the same period, the wages paid to employees were considerably lower (in various places the employees were deprived of premiums, part of the salary was lowered, social benefits such as a glass of milk were annulled, recreation allowances were restricted, etc.).

At the "Congress of Millionaires" held in the spring of 1968 in Jerusalem, foreign capitalists presented demands to the government implying further tax exemptions for the rich and heavier taxes for the workers. The dimensions of privileges and profits bestowed upon the foreign capitalists by the Israel government are demonstrated by the agreement between the government and the proprietors of the oil pipeline. Under this agreement, published in July 1968, the government will pay these proprietors at least \$ 15 million more than they have invested, in addition to the profits they have made up to now. The agreement between the government and this company stipulates that the government shall pay them for the pipeline and the profits guaranteed on up to 1975 - \$ 22 million in cash. Moreover, the government will pay them a further \$ 4 million for the exclusive concession to ship oil until the year 2000. (Al Hamishmar, 11.7.68). At the same time, tens of thousands of Israeli

workers are still employed on public works schemes at low wages and in part-time jobs, the government claiming that it does not have the means at its disposal to create permanent places of employment and a decent living.

THE SCALE OF THE THREE SECTORS IN THE ECONOMY - - - - - PRIVATE , HISTADRUT AND GOVERNMENT - - - - -

One of the characteristic features of Israel's economy is the existence of a private as well as the Histadrut and government sectors.

The existence of the public sector is proof that private ownership of the means of production is not an economic condition sine qua non. Despite the internal contradictions inside the Histadrut and government enterprises and the class exploitation prevailing in them, it is the very existence of a public sector that facilitates the historical struggle for socialist changes in Israel's society.

A recent survey (by Barkai) gives comparative figures on the distribution of employees between the government, Histadrut and private sectors in the Israeli economy. In agriculture, the Histadrut enterprises have 47.6% of the employees, the government enterprises - 1.4%, and private enterprises - 51%. In industry and mining, the Histadrut enterprises have 17.5% of the employees, the government enterprises - 2.4%, and the private sector - 80%. In the building trade, Histadrut enterprises - 46.6%, government - 6.3% and private sector - 67%. Communications / Histadrut - 22.3%, government - 32.4%, private sector - 45.3%. In commerce, finances and public and personal services - the Histadrut has 15.7% of the employees, the government - 30.4% and the private sector - 53.9%.

The conclusion from these figures are that the private sector has a decisive share of the total number of employed in industry and mining, building, commerce, finances and services. In agriculture, the Histadrut economy has a substantial share, almost 50 percent. The government has a considerable share in communications.

The varied forms of ownership are one of the characteristic features of Israel's economy. The existence of an important public sector (Histadrut and government enterprises) in various branches of the economy does not annul the basic laws of capitalism. But it demonstrates that there is no objective necessity for private capitalist ownership to keep the wheels of the economy moving.

The reformist ideologists advocate the theory that in our country there is no need for a class struggle because there are "hardly any" private capitalists; they think there is nobody against whom a class struggle can be waged. However, the exact statistics prove that three quarters of the total number of employees are working in industries belonging to the private sector.

When a census was taken of industries and workshops by the Central Bureau of Statistics in 1966, 24,500 factories and workshops with 222,792 employees were counted. Of the enterprises visited, 15,000 employed 211,000 wage-earners and the other workshops belonged to artisans who do not employ wage-earners. In 632 large enterprises employing 50 people and more and which account for 2.8% of all industrial enterprises, there are 104,000 employees or about 47% of the total manpower employed in industry. The overwhelming majority of industrial enterprises (about 93%) with 76% of all employees belong to the private sector, i.e. to private capitalists.

About 5.5% of all enterprises, with 15% of the employees belong to the Histadrut sector, while the remaining 1.2% of the industrial enterprises, with 8.5% of all employees belong to the public sector. On the other hand, with regard to the number of workers in the factories, figures prove that the highest average number of employees per enterprises is in the public sector (i.e. 166 employee per factory). The second largest number (about 25 employees per factory) is in the Histadrut sector, while the lowest average is in the private sector (about 7.4 employees per enterprise).

In private-owned enterprises, over 80% of the personnel are employed in the following branches : the diamond trade in which 99.8% of the employees work in private industry; textiles - 92%; paper, cardboard and its products - 92%; leather and its products - 91%; clothing - 88%; rubber and plastics - 85%.

The industry which has the highest percentage of employees in enterprises of the Histadrut sector is the basic metal industry, with approximately 48% of total manpower. In other industries, the Histadrut sector accounts for the following percentages of manpower: abt. 26% in non-metal minerals, about 23% in the timber trade and its products, about 21% in the manufacture of machinery, abt. 21% in mines and quarries, abt. 21% in the food industries and about 20% in vehicle manufacture and maintenance.

Several theoretical and political conclusions may be drawn from

the existence of a public (i.e. Histadrut and government) sector alongside the private sector. The fact that various basic industries belong to the Histadrut sector proves that private property in our country is not an eternal social category and is not a vital condition for the development of the economy. Moreover, private capital simply did not go to places where a risk had to be taken and where no immediate profit was guaranteed. The relative importance of enterprises in the government and private sectors increases the younger the group of enterprises. On the other hand, the presence of the Histadrut sector is more prominent among the veteran enterprises. Among those founded before the establishment of the State, 0.6% belong to the public sector; 10.2% to the Histadrut sector and 0.6% are privately owned. On the other hand, among the enterprises established in the last decade, 1.4% belong to the government sector, 2.2% to the Histadrut sector and about 96% are privately owned. A similar trend also appears in the percentage of the employees.

Government ownership of enterprises is sometimes a transitional stage toward private capital. The government buys enterprises from private capitalists when they are in difficulties. It consolidates their material situation, puts them on a profitable basis and afterwards resells them to private capitalists at terms favourable to them. One example of the sale of government-owned enterprise to private capitalists is the Fertilizers and Chemicals factory at Haifa; the government-financed Israel Chemical Corporation Ltd. has entered into a partnership with foreign capitalists. As to the legal form of ownership, 51% of all enterprises employing wage-earners are owned by one single person. Between them they employ 16% of total labour power. About 20% are partnerships employing 11% of the total labour force in enterprises employing wage-earners.

A comparison between government loans and the volume of total capital indicates the volume of material aid extended by the government to the private capitalists. The report on the activities of the Investment Centre published in 1967 shows that the share of total capital derived from government loans is increasing. Government loans amounting to IL. 122.3 million were granted on the enterprises' equity capital amounting to IL 144.4 million. This makes not only a striking increase in the total amount of government loans, but also a substantial rise in the scale of government loans granted in relationship to a firm's equity capital. Thus the government is placing ever-increasing sums from the State Budget at the disposal of private capitalists.

These loans are granted without control of the manner in which they are used. As the State Controller rightly remarks, they are not even repaid to the government, but are a disguised form of direct government aid to the big capitalists. In the process of increasing its interference in the economy, the government is successively strengthening its

ties with big monopoly capital and serving its interests. On the other hand, the masses of employees are interested in furthering their class struggle against the private capitalists over issues such as wages and labour conditions and the rights of the employees, and also in order to promote the basic campaign for a change of the relations of property to establish public ownership of the means of production, of the process of production and for social justice in the use of the fruits of production.

THE REFORMIST THEORIES

The reformist ideology in the Israel labour movement approves cooperation between the working class and the capitalists as a necessity for the upbuilding of the country, the development of the national economy and the absorption of immigrants. Acquiescence with the increase of exploitation and consolidation of the rule of the big capitalists is described as a vital condition for the gradual advance toward national independence. Reformism has become integrated in the capitalist social and economic tissue as one of its supporters. Though there was a time when it helped to bring about certain trade union and legislative achievements, these are restricted to the sphere of the capitalist system and are not capable of annulling its basic crises. It has no alternative programme to replace the system of class exploitation. A characteristic feature of reformism is the trend to disregard demands concerning the essence of the process of production and to be content with demands referring to a certain improvement in the sphere of consumption - based on the manner of capitalist production.

The theory that the upbuilding of the country and the absorption of immigrants require privileges to be accorded to big capitalists has been proved to be unfounded. The policy granting privileges to big capitalists has caused a deepening economic crisis, a disproportion in the economic structure between the manufacture of means of production and the means of consumption, an inflationist process and a decline in industries, etc.

The claim that the capitalist system is improving and slowly developing towards a "welfare society" is not confirmed by reality. Class exploitation is not weakening but rather increasing and a considerable proportion of the employees is living in misery in the slums in city suburbs, in development towns, in new immigrants villages, among workers employed at low wages, etc. The experience of the international labour movement has proved that the social-democratic governments of Scandinavia, Britain, Israel, etc. were unable to solve the basic problems of society or to put an end to class exploitation, to the economic, political and moral crisis which capitalist society is undergoing. The fact that the social democratic governments of Norway and Denmark lost their majorities after having run the state for decades and were replaced by conservative forces, is

proof of disappointment in the ability of such a government to solve the problems of the working class and of the popular sections of society.

The social-democratic leaders disregard the historical mission of the working class. They are trying to dissolve the working class among the general masses and basically are getting reconciled to the bourgeois concept "national interest" which disregards class antagonisms, and favours harmony between classes which have opposite class interests. The practical result of this theory is the abandonment of the toilers' interests in favour of profits for big capitalists who, by virtue of their economic domination, influence the government and its policy.

Two processes have been characteristic for several decades in the reformist wing of the labour movement. On the one hand, its leading personalities said that class exploitation should be viewed with a forgiving eye, and that the demands of the capitalists should be accepted. They were also busy providing a "national justification" of this attitude. On the other hand, parts among the rank and file of the reformist wing were drawn into the class struggle at places of employment as a defensive action against class exploitation by the big capitalists.

At the same time, among the leading personalities of the former Israel Labour Party some theorists came to the fore who were acquainted with the theory of socialism and clung to the general values of the labour movement. One of them, Peretz Naftali was a veteran leader of the German labour movement and later became a Minister in the Israeli government on behalf of Mapai.

The attitudes of the parties on the right wing of the Israeli labour movement - Mapai, Achdut Ha'avoda and Rafi - have in fact converged to a point that made it possible to form the joint "Labour Party". Inside this party, various trends clash. The anti-socialist and extreme militaristic elements are trying to conquer positions of power inside the party and to dominate the more democratic and reasonable elements.

We draw a clear line of distinction between the social-democratic ideology and the social-democratic workers. While pointing to the falsehood of the reformist ideology and its harmfulness, we call the masses of workers organised in the "labour Party" to united action and to fight for democracy, peace and social justice.

THE HISTORICAL MISSION OF THE ISRAELI WORKING CLASS

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The Israeli working class has an historical mission to fulfil - as the central factor in the great changes that are taking place in our generation toward Israel-Arab peace and toward a socialist society. Counter to the view of the reformist ideologists that the working class has no class interests of its own, reality proves that the sector of wage-earners is growing, its struggles are becoming more intensive and its structure is becoming more varied. In the wake of scientific-technological revolution, the proportion of the wage-earners engaged in mental work, of clerks and civil servants - the so-called "white collar" workers - is on the increase. Though they do not directly operate the means of production, they are wage-earners affected by the government's policy and their social position is identical or similar to that of the workers. While the intelligentsia is growing and developing, its representatives express discontent with the social system that holds it to be an irrevocable law that profits are the basic motive of development, spurred on by competition. In view of its living conditions and its position with regard to the means of production, the working class as a whole is capable of serving as the main standard-bearer of the struggle for socialist change.

The strike and the demonstration form a most important method of struggle for social change.

The strike weapon is a powerful force capable of bringing the employees major gains. By striking it is possible to put a brake on the onslaught of the employers, cutting down the dimensions they envisage, and to promote the achievements of the working class in the general social spheres, toward a change in the system itself. The socialist revolution is a vital necessity in order to dispel the employee's insecurity regarding his immediate future and to put an end to the exploitation of man by man, to give the working people the fruit of their labours, to put an end to national oppression, to establish the equality of women and the rule of the working class. A just division of the fruits of labour is possible only if the working people own the basic means of production.

The modern working class has a direct interest in continuous technical advancement and its potential positive effects, such as a substantial reduction in the number of working hours, varied work, specialist training and development of the workers' personality. However, the capitalist system holds back the development of the forces of pro-

duction in so far as such a development lowers the rate of profit.

The growing variety in the structure of the working class does not detract from its central position in Israeli society. In 1967, the wage-earners numbered 605,000 or 72.5% of the total labour force. As the most advanced social force, the working class has an objective basis for becoming a decisive factor that represents the national interest of the whole country. The class interest of the working class and of the other toiling sectors is opposed to that of the capitalists, i.e. to an absolute minority among the people. On the other hand, the basic, daily and historical interests of the overwhelming majority of the people are linked with those of the working class. Hence the central position of the working class in the process of social changes advancing towards peace, democracy and socialism.

WORKER'S PARTICIPATION IN FACTORY MANAGEMENT - THE FIRST QUALITATIVE CHANGE.

The transition to a socialist system will not be by a single act but through a complex class struggle. At first, it will be along general democratic lines and will develop in due course into a campaign of more profound character for a fundamental change in the relations of property and ownership of the basic means of production, for socialist changes.

Growing numbers of people are coming to understand that there is no justice to a situation in which a handful of capitalists dominate most of the wealth of society through their private ownership of the means of production, while the masses of the workers who are the true producers are deprived of any possibility to participate in practice in decisions concerning the process of production and the structure of cost accounting, prices and wages, etc. Rich financial groups and big banking houses consider themselves authorised to make decisions on the issues of economics, society and politics. These decisions directly affect hundreds of thousands of working people. At the same time, the workers themselves are not consulted at all on these issues. The workers who are the producers are not given any chance to influence vital decisions concerning production before these decisions are made.

The government policy of economic recess proves that the present political system grants the capitalists the right to decide to discontinue the employment of veteran workers, despite the vital necessity of expanding the development of the economy. This shows why the issue of democracy at factory level is becoming so urgent and expedient. The demand for workers' participation in the management

of enterprises, at all levels of management, including the election of formen by democratic process is an expression of the recognition of the workers' full and irrevocable right to have their say in labour relations and working conditions as well as in the way the entire process of production is managed.

By putting forward this demand, growing awareness is fostered of the belief that the basic order of the capitalist system, under which the working people have no right to a say in matters of wages, costing, prevention of dismissals, etc., - is an unnatural one. The public struggle for workers' participation in the management of enterprises will lead to the implementation of this demand, first in the Histadrut enterprises and later in enterprises of the private sector. Constant control by workers' meetings of their representatives' activities on the boards of management can be an important instrument for ensuring the correct implementation of the task of those workers' representatives in the factory management. The workers' meeting is one of the basic institutions of this system. Workers' participation in the management of enterprises is a vital but partial step, and no substitute for basic change in the relations of property.

The Israel labour movement has for a long time been engaged in a defensive struggle against an onslaught by the big capitalists, but the idea that the demand for workers' participation in factory management is a just and democratic one, can rouse the working class to a fighting campaign for its implementation. The fact that the first attempts made in Israel, i.e., in the Israel Electric Corporation, were not successful, does not prove that workers' participation has proved a failure, but only that in this particular instance, the workers' representative on the management failed loyally to serve his electors and, in fact, stood as the representative of the management against the workers. The fact the managers of other enterprises are trying to confine contacts with the workers' representatives in the boards of management to mere imparting of information, is rousing discontent among the workers. The workers are interested in participation in the management that gives them authority, in regular reports to the workers' meetings and in the control by the workers' meeting of their representatives in the boards of management.

Participation by the workers' representative on the board of management brings him into inevitable conflict with the manager of the enterprise, creating an awkward situation for the representatives in these institutions. Nevertheless, participation by the trade-union representatives and of the workers' representatives in the factory in deliberations and decisions on problems of production and in the struggle for their implementation, prepares the soil for a final reform of the

management of the process of production for the benefit of the workers and of the economy in general.

The campaign for democracy in a capitalist factory goes beyond the trade-union sphere and in due course assumes an outspoken political character. Though this struggle is conducted in the framework of the capitalist system, the very push given to the working class to take part in decisions on basic problems of production is an important link in the labour movement's historical campaign for a non-violent transition to socialist relations of production. Success in the struggle for workers' participation in decisions means restricting the influence of big monopoly capital. A deepening of democracy cannot be achieved in the absence of a change of the relations of property, and without liquidating the monopoly of private ownership over the basic means of production and basic natural resources. The basic and ultimate aim of the struggle for democracy in the factory must therefore be the liquidation of private ownership and establishing of public ownership over the basic means of production.

The demand for the participation of the employees in the management of the enterprises will take its proper place when political parties of the working class take the lead in this campaign.

Basic democratic legislative changes must be made so that the working people take their proper place in the management of the enterprises. On the other hand, laws drafted on these issues will make their way to Parliament only when a broad and continuous public campaign is conducted at places of employment and among the public at large, for workers' participation in the management of enterprises. The development of this public campaign will build a bridge between the steps intended to restrict the employers' exclusive rule and heighten the influence of the employees in the factories on the one hand - and a basic legislative change regarding the relations of property on the other. With the success of this campaign, qualitative changes will begin in the factories; this will mark the beginning of changes in the role of the workers in the process of production. These changes will make the campaign for socialist changes more natural.

There is an economic basis and social justification to the struggle for a democratic change of the laws governing shareholders' companies. This struggle will popularise the growing demand of the progressive forces for a change in the relations of property. The demand for democratisation of the management of production also finds expression in the campaign for legislative amendments extending public control of the activities of large companies.

A public demand for a re-examination of the laws protecting the private ownership of enterprises should be mobilised by the trade-unions and stimulated through the political activities of the workers' parties, so as to clarify the real perspective for new relations of property. The campaign for restriction of employer's sole rule at the place of employment and for strengthening the influence of manual and "white-collar" workers - can succeed first over one issue and later on over others. One of the first issues over which it is possible and necessary to attain workers' participation in decisions is the division of labour among the employees and the dismissal of employees.

The ideologists of private property have throughout the entire capitalist era advocated the view that the process of production is under the exclusive competence of the capitalists. Individual capitalists as well as their class organisations of industrialists, citrus-growers, building contractors, etc. are continuing with all their might to fight for the sacred right to decide by themselves on all issues concerning the enterprises. Nevertheless, the employees will learn that the demand for their participation in the decisions is natural, legitimate and practicable. This is a public and class campaign for democratisation in the factories, with everything that this implies. The leaders of the Labour Party call for workers' participation in the management of enterprises owned by the Histadrut (the Israel Federation of Labour.).

The campaign for democracy in the factories is progressive in character and prepares the ground for the transition from a system of the rule of big finance capital toward deeper social changes and the rule of the people, when the perspective of socialist reforms will be not merely legitimate, but also practicable.

THE WORKER'S ECONOMY - REALITY AND PERSPECTIVE

The thinkers of the Israel labour movement foresaw the development of a workers' society in Israel to be based on social justice. The tasks of the Histadrut in its statutes are defined as being to lead the war of defence and liberation of the working people. Berl Katznelson wrote in the early twenties that the implementation of socialism means liquidation of the private ownership of natural resources and of the instruments of labour and their transfer to public ownership, liquidation of any kind of social, class, racial, national, religious and sex oppressions ; the implementation of the principle of work by every member of society and democratic self-rule by society in politics and economics. The 10th Histadrut Congress in January 1966 again defined the aim of the workers' economic enterprises as "the establishment of a socialist workers' society". However, the development of the workers' economy has not been in the direction of social justice, but of acquies-

cence in the consolidation of monopoly capitalism. The workers' enterprises are undergoing a social and moral crisis. This is the result of the theoretical assumption that guided the reformist majority in the Israel labour movement: "it is necessary to increase before setting out to divide". This assumption served as the basis for the priority given to what were defined as general national objectives and which in fact promoted the big capitalists instead of encouraging the working class to benefit of the general national interest and development.

While we must not overlook the manifestations of regression, this sector is of considerable importance to the economy. It contributes over one fifth of the net domestic product and employs over one-fifth of the employed. Its share is considerable in several important branches such as agriculture, transport, building and industrial production. There is a distinct difference between the Yakhin-Hakal Citrus Corporations and the labour cooperative settlements. A class struggle is being waged in the citrus industry, but the labour settlements are founded on cooperative principles. The Histadrut enterprises are larger than the industrial enterprises of the private sector. Similarly, average output per worker is higher in the Histadrut sector than in the private sector.

Characteristic of the Histadrut-owned industries is the fact that they are concentrated in four branches : food, metal products, non-metal minerals and timber which employ over 60% of the total labour force employed in Histadrut industries and about 30% of that in all of Israeli industry. In the branches of basic metals and non-metal minerals, the workers' enterprises contribute more than one-third of the product of Israel's economy, while in the product of other industries, the share of the workers' sector is lower. The output per worker in the Histadrut industries has been considerably higher than the national average. In 1965, the average gross annual output per worker in the workers' industries was about IL 43.000. - compared to an average of over IL.30.000. - for Israeli industry as a whole. Under the government's policy there is no chance that the share of the Histadrut industries in total industrial output will exceed its present share to a substantial extent. The industries of the kibbutzim were developed over the past decades and now take second place among the various sections of the Histadrut economy. Their share in the workers' industries and economy is considerable (29% of the net output of industries in the Histadrut sector). Without this development, the share of the workers' economy in the country's industry would be far lower.

Among the various branches in the Histadrut sector, the most striking growth has been in agriculture. The share of agriculture in Israel's economy has been declining since 1958, but simultaneously

the share of collective agriculture in the total agriculture has been growing. The productivity of collective working class agriculture has been growing from an average annual growth rate of 5% from 1950-1954 to a growth rate of 7% over the past five years (1964-1967). This rate is higher than the average of the economy as a whole. The share of the growth of the workers' settlements (moshavim, kibbutzim) in several central agricultural branches is far greater than their numerical proportion. In dairy - farming - 92%; in poultry - production - 82% and in field-crops - 72% of total gross output.

Despite the negative changes that have taken place in the workers' economy, it has maintained its productive character to a greater extent than the economy as a whole. The two main productive branches - industry and agriculture - contributed about half the net output in the workers' economy, while in the economy as a whole, these two branches of production contributed only about 35%.

The administrative economy did not develop in the direction foreseen by the founders of the Histadrut. The fact that a large number of Histadrut enterprises have been placed on a footing of participation of private capital - local and foreign - has created class antagonism. In the factories, building works, etc. of the Histadrut economy, relations of production have been developed of an outspokenly capitalist character, i.e. based on the division of value of the product into wages and profit. Accordingly, the surplus value produced by the workers is turned into profits of capital that is largely in private capitalist hands. The Histadrut enterprises do not help to lower the prices of products; in fact, in many cases they themselves become partners in cartel agreements. This contributes to a rise in prices and conflicts with the interests of the workers and of the masses of consumers among the toiling sections.

The participation of monopoly capital in some of the administrative enterprises has the effect of worsening labour conditions, and encouraging a disproportion between the production of means of production and of consumer goods, etc.

Workers' cooperatives have an important role to play for the benefit of the working people if they oppose capitalist exploitation, and support the labour movement in its campaign to protect and further the interests of the working people. For the sake of the workers' economy, it is essential to resist the partnerships with private capitalists and to take a firm stand in the struggle against them.

In the conflicts of interests that has developed between the masses of consumers and the cartels, the Histadrut enterprises should abstain from participating in cartels and take an active stand in supporting the interests of the consumers.

"Hevrat Haovdim" (the Histadrut Holding Company) with its variety of enterprises in most branches of the economy is one of the features unique to Israel. A great deal of work and talent has been invested in its establishment by members of the Histadrut, both manual and "white-collar" workers. The ramified collective enterprises in the basic branches of the economy and the mutual aid organisations have made a great contribution to the country's development. The Histadrut's social welfare institutions providing hospitalization, medical care, and care for the aged, the various forms of agricultural settlements and the many cooperative enterprises deserve special mention. The ideal of the founders of the Hevrat Haovdim was to establish a society based on social justice, to transfer the basic means of production to the ownership of the people and to abolish the exploitation of man by man. "Hevrat Haovdim" can and must support the labour movement in its campaigns for its rights, for the rise of the employees' living standard and for development and social progress. The development of a campaign in this direction will restore to "Hevrat Haovdim" its original mission, its spirit and its hopes.

The class struggle that is developing and growing in the Histadrut enterprises will lead to workers' participation in decisions concerning the process of production and will thus result in a structural change. Once such a change is achieved, it will in itself act as a lever for continuation of the struggle for socialist changes.

The experience of the Histadrut economy points to significant conclusions. The present crisis affecting the Histadrut industries and its service and manufacturing cooperatives is due to the fact that the Histadrut economy has adapted the processes of capitalist society and has brought in foreign and local capital in partnerships, thereby losing its unique character. The employee of a Histadrut enterprise feels no better than his comrade in a privately-owned enterprise.

In the present conditions, the employees regard the boards of management of the Hevrat Haovdim as employers similar to the board of management of a private enterprise. Particularly in contemporary capitalist society, where a process of "de-personification" of the real factory owner is taking place. The management of the Histadrut industries does not uphold any separate social ideas, it is adaption to the capitalist society in its present monopoly stage. It is characteristic that during

recent years the number of strikes in the Histadrut sector has increased. While in the years 1965 and 1966, 22% of all strikers were in the Histadrut sector, their number amounted to 43% of the total in 1967. Workers' participation in the management of the Histadrut enterprises can be a natural stage to the implementation of the basic principles of a true workers' society.

After many years delay, the Histadrut leadership has raised the question of workers' participation in the management of the Histadrut enterprises. The profound significance of workers' participation lies in the fact that it recognises their competence to take part in decisions on the basic problems of the enterprise, such as accounting, man-power, labour assignments, labour relations, etc. The employees are concerned to make their participation in the management of the factories fully democratic.

At places of work, the employees will conquer their natural right to take equal part in the decisions concerning the entire process of production. The Histadrut can be a pioneering factor in this process of democratization. The Histadrut enterprises are at a turning point, at the starting point of a process of economic democratization.

The employees' participation in the management of the Histadrut enterprises was put on the agenda of the Israel labour movement through resolutions of the Histadrut institutions. So as to achieve a democratization of the economy, it is necessary to fight simultaneously for adequate parliamentary legislation to grant legal status to the workers' representatives as legitimate partners in the decisions of the factory managements. The campaign for the participation of employees in the management of the Histadrut enterprises is of special importance because of the substantial weight of the Histadrut sector. The public character of this sector helps to promote the success of this idea. This struggle must be the concern of the entire Histadrut and of all the workers' parties.

THE LABOUR AGRICULTURAL SETTLEMENTS NEED A DIFFERENT POLICY

The cooperative settlements are an important asset of Israeli society in respect of its social image, its contribution to agricultural output and the prospects of its contribution to the struggle against exploitation by the big capitalists and for a socialist society. The cooperative forms of Israeli village life came into being under the influence of socialist ideas in the labour movement and of the Socialist October Revolution.

The moshavim and the kibbutzim are characteristic forms of agricultural colonies that are run on a cooperative basis not only in respect of the method of production, but also of their way of life. The moshav is based on cooperative principles, mutual aid and joint planning of village development. The moshav member (and his family) farms his own holding. Income is in accordance with production. The "moshav shitufi", on the other hand, organizes its communal holding and labour arrangements on a joint basis, while running his own household. In an ordinary moshav , the member runs his own private farm-holding.

These labour settlements are the decisive factor in Israeli agriculture. They have attained a high technical standard and a very high output level. Nevertheless, they are not adequately appreciated by the government which hampers their development, for instance by cutting down budgets, restricting credits, imposing high rates of interest and rising costs. All these are a heavy burden on the labour colonies. Nevertheless, they display a great vitality, a strong will of life and a talent for development. Specially difficult is the situation of the new immigrants' cooperative villages with regard to housing conditions, overcrowdedness, lack of sanitary services and equipment, etc. Though the constant growth of Israel's population demands a greater expansion of production, and though the workers' colonies are capable of expanding agricultural output, yet the trend of the government's policy causes a restriction of various branches of agriculture . The government did not find it necessary to plan the efficient use of these great assets to establish adequate industries so as to make use of the agricultural products and to prevent the destruction of surplus crops.

Local and foreign private capital is infiltrating industries owned by kibbutzim. All the forms of workers' colonies are of a high vitality and productivity, they cannot be destroyed by their capitalist surroundings.

The suggestion made by the Governor of the Israel Bank to abrogate the law limiting interest rates and the pressure exerted by banking groups to put this suggestion into practice are a characteristic example of the conflict of interests between the bankers and monopoly capitalists and the workers' colonies. Abrogation of the law of interest rates would mean higher financing costs for the agricultural settlements which are in need of large-scale credits for the purpose of long-term consolidation, as well as short-term credits. This is one of the characteristic examples showing that government policy is under heavy pressure from the bankers and monopoly capitalists and is not conducted in accordance with the interests of the employees, the workers' colonies and of the development of the economy.

There is an objective basis for a joint struggle by the workers settlements and the wage-earners against the suggestion to abrogate the law restricting interest rates. Cheap credits, lower interest rates, restricting the burden of taxes, cutting the prices of water, electricity, etc - are vital for the workers' settlements. Their implementation would mean the beginning of qualitative changes in Israel's economy - changes of a democratic character.

So as to defend themselves, to safeguard their cooperative character and to contribute to socialist changes in Israel's society - the settlements must develop an active public campaign against the government's policy, for the restriction and liquidation of the rule of monopolies and of other parts of foreign and local big capitalists in the Israeli economy.

The workers' settlements strive to defend themselves against the evils of the capitalist surroundings and while taking steps of self-defense (such as, for instance, by their own marketing organisations, etc.), they are building impressive instruments of power, yet are entering a situation of greater dependency on the very same surroundings. The capitalist social system does not succeed in strangling the workers colonies, yet the workers colonies are unable to overcome the evils of this system. In the final instance, the issue of the class struggle for power remains unchanged. The experience of the workers colonies may instil in its members a political and class awareness of the use of the cooperative sectors' power as a lever for the struggle for democratic changes. The defense of the workers' colonies lies in a democratic struggle against the monopolies. This is how they will contribute to the perspective of transition to socialist changes.

THE KIBBUTZ MOVEMENT - ITS DIFFICULTIES AND PROSPECTS

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In the struggle against capitalism and for basic changes in the social system, the kibbutz movement has a great role to perform. It is one of the unique features in Israel society, based on full cooperation in both production and consumption. It is a voluntary society, its principles being collective property, collective production, work, consumption and collective formation of its way of life. Its structure is all-out cooperative, comprising not only the economic, but also the cultural, social, educational and other aspects.

According to the figures published in July 1968 by the Control Department of the Agricultural Cooperatives, the population of the kibbutzim has grown since 1967 from 88,402 to 93,210 - a growth of 4,800 persons or 5.4%. 225 kibbutzim are organised in the kibbutz movement: 80 affiliated to the Ichud Hakevutzot Vehakibbutzim with a population

of 30,236; 73 in the Kibbutz Ha'artzi with 32,601 inhabitants; 57 in the Hakibbutz Hameu'chad with 25,609 inhabitants; 10 in the Religious Kibbutzim with 3,987 inhabitants. The largest single kibbutzim are : Givat Brenner - 1,560 inhabitants (Hakibbutz Hame'uchad); Afikim - 1,403 inhabitants (Ichud); Yagur - 1294 inhabitants (Me'uchad); Beit Hashitah - 994 inhabitants (Me'uchad), and Gan Shmuel - 803 inhabitants (Kibbutz Artzi).

The kibbutz movement has attained important advances as to mutual aid, equality of women , education, care for the aged. At the same time, this movement is suffering from internal contradictions resulting from the gap between the ideal of a society without exploitation on the one hand, and the employment of wage-earners in kibbutz industries, on the other. This situation creates social antagonisms that are incompatible with the principles of the kibbutz.

The assumption that the expansion of the kibbutz movement would bring about a change in the capitalistic structure of Israel society has proved to be unfounded in actual reality. The basic laws of the capitalist social system remain in full force, even when a social movement of 225 kibbutzim exists in its framework. Moreover, the kibbutz movement as a whole is severely affected by the capitalist system. This finds its expression mainly in the heavy burden of debts, the excessive interest rates, which weigh heavily on the kibbutz member, in addition to the evils resulting from the high cost of living and the low real wages of a considerable proportion of the employees in the towns and villages.

The deep idealism, the values of the labour movement and the socialist ideals that are close to the hearts of the kibbutz members are a strong potential force for campaigns to be led jointly with the urban working class for democratic changes against the monopolies and later for socialist changes. The development of the public struggle of the kibbutz movement against the government's policy and against the burden of interest, and taxes and the credits'policy - will bring the kibbutzim together with their natural ally, the urban working class. On the other hand, extension of the wage-earners' class struggle, so as to combine their own demands with the vital demands of the kibbutz movement, will raise the latter to the level of a public factor leading all the other sections of labour.

In socialist Israel, the kibbutz movement will act as a lever for socialist changes in the village and an important model of building cooperative life and mutual aid.

THE MIDDLE SOCIAL STRATA - ALLIES OF THE WORKING CLASS

The middle social strata - small shopkeepers and artisans are also heavily affected by the monopoly capitalists with regard to credits, taxes, etc. In terms of their economic situation, they can and should be allies of the working class, which should consequently seek to ensure their loyalty and support. This can be done if the working class puts forward demands that express not only its own every-day interests but also the vital interests of the middle classes. It is important to persuade these exploited sections of the population that socialism means a system that will liberate them from the hardships to which they, too, are subjected in capitalist society, so that they too, will take their place in the campaign for socialist changes. Whose allies will the middle social strata be - of the working class or of the big capitalists? - This is a key question for the socialist revolution. A policy of alliance led by the working class that understands how to express the demands of all people suffering from the rule of the big capitalists is liable to bring the middle strata closer to the working class, its daily struggles and its social aims.

Various groups among the middle class sections of the population are in fact leading public campaigns to defend their interests against the government policy.

The socialist system will encourage cooperatives in the small industries and workshops. The campaign for the expansion of industrial cooperatives will benefit development areas suffering from hardships, backwardness and general economic weakness. In these areas, the government can and should help the expansion of employment and production by organising producers' cooperatives which would receive wide support in the form of loans, guidance, vocational training and cooperative education; the development of the hotel and tourist industry, the establishment of rest-houses, health resorts, cinema halls, various tourist services, hotels, etc. The setting up of cooperative building societies would play an important task in the housing construction and the development of the country.

The expansion of industrial cooperatives would help the development of under-populated and backward places and promote the struggle against the big monopoly capital and for democratic changes in the economy.

The working class must plan its actions and formulate its demands in a manner that would express the aspirations of the majority of the people including the artisans and small industrialists. The workshops and small industries must find their place in the campaign for

socialist changes because only a socialist system will give full and all-sided material, financial, technical and other encouragement to the development of industries and handicraft on the basis of cooperative principles.

FULL EQUALITY OF RIGHTS FOR ISRAEL'S ARAB POPULATION

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The Arab population of Israel is still subjected to national discrimination. Thirteen per cent of Israel's total population are Arabs. The public services provided for them in social welfare, education, medical treatment, etc. - especially in the Arab villages - are a long way from meeting requirements.

Full equality for the Arab population is not only the demand of the Arab inhabitants but a vital democratic necessity. The abrogation of movement restrictions that are still in force with regard to the Arab citizens of Israel, as well as the liquidation of the other remnants of military rule and the extension of public services and full employment at full wages - these demands should be advocated by all democratic forces in Israel.

The 1968 statistics of the Employment Exchanges regarding the dimensions of unemployment prove that the rate of unemployment was higher among the Arab than among the Jewish population. "The highest rates of unemployment" -states the report - "are among non-Jews (17.4%) and among Jews born in Asia and Africa (10%). Among European born Jews, unemployment rates were only 3.6%".

The campaign for full employment is one that is common to the Jewish and Arab workers. It should be conducted in solidarity between the employed and the unemployed fighting for the right of a job for everybody who demands one, and for permanent employment at full wages. There are thousands of Arab inhabitants in Israel who have been categorised by the government as "absentees". We do not agree to the injustice implied by this status. Their land is held by the Custodian of Absentees' Property. Those Arab inhabitants who were defined as "absentees" but who are in Israel - should be given back their land and helped in cultivating it or be given proper compensation.

There was wide-spread opposition among large sections of the Israeli public recently to attempt made to deprive an Arab family of their house in the Abu-Tor Quarter, Jerusalem. This is one of the proofs that there are real prospects that the campaign for equal rights for the Arab population could become a general democratic campaign to be led

by Jews and Arabs.

Changes in the Arab village are necessary. The way to integrate the Arab village in the struggle for democratic and socialist changes means a public campaign to liquidate the backwardness and poverty in which most Arab fellaheen are living. About half the Arab farm holdings are very small and cannot provide a proper living for their owners. Reports published in 1963 on the structure of Arab farms in Israel, show that the size of about 50% of these farms is up to 15 dunams, i.e. small farms; about one quarter are between 16 and 30 dunams, an additional quarter between 31 and 100 dunams and only about 5% of the Arab farms are in the category of 100 dunams and more.

The fact that about half the Arab farms are very small does not benefit either Israel's agriculture or the Arab fellaheen families. Although these families are very experienced in farming, most of them are poor landholders unable to make a living from their own lands. It is therefore a democratic demand that the government of Israel should parcel out extra land to small farmers, bringing their holdings up to 20-30 dunams. This extra land allocation should come from the lands held by the Custodian of Absentee Property.

The Arab village is badly in need of agrarian reform to bring the small farms units up to the level of accepted norms. This would require extensive development of irrigation systems in Arab agriculture and providing mechanical equipment and cheap credits. For the sake of development, consumers' and producers' cooperatives should be helped and encouraged among the Arab village and urban population, and these should be integrated within the general cooperative movement. The abrogation of the remnants of military rule, securing freedom of movement, employment and special care to raise the living standard of the Arab villagers and slum-dwellers are essential demands for the Arab population. It is also vital to enable Arab youth and intelligentsia to find their place in economic and social life. Only full equality for the Arab population will provide the basis of Jewish-Arab friendship. Jewish-Arab democratic struggles will pave the way to a joint struggle for a socialist Israel that will be a homeland respecting and loving all its toiling citizens irrespective of national origin. The partnership and friendship which have created between Jews and Arabs during various periods in past generations will continue to develop in our country in a struggle for democratic changes which will achieve its victory in a socialist Israeli society.

PEACE WILL PROMOTE SOCIALIST CHANGES

A close interrelation exists between the two great campaigns of our generation for peace and socialism. A peaceful solution of the

Israel-Arab conflict based on mutual recognition of the national rights of the people of Israel and of the Arab peoples will promote the campaign for social and socialistic changes. A firm basis for peace is the Resolution unanimously adopted by the Security Council on 22.11.67 - a move that has international authority and renders justice to both the Israeli and Arab parties to the conflict.

The Arab governments' refusal to make peace and negotiate with Israel is incompatible with the above Resolution and is an obstacle to its implementation. The present Israeli government., a so-called government of "national unity", is incapable of forming a policy of peace. The plan advocated by Deputy Prime Minister Alon calls for annexation of certain territories through a dictated settlement, which contradicts a solution agreed by the peoples.

The time has come for the government of national unity to resign and a new government to be formed that would make an effort to achieve a just and stable peace through negotiations based on the Security Council Resolution of November 1967. We strive for a just peace, without territorial annexations, without surrender on the one hand and without dictates on the other. Irrevocable is the right of the people of Israel to defend the existence of their State and to safeguard its rights. So as to promote the cause of peace on the Israeli side, we call on the government of Israel to issue an authoritative declaration on its readiness to withdraw the Israeli military forces to recognised and secure boundaries. By secure boundaries we mean lines to be mutually agreed upon by both parties, Israel and the Arabs.

The "Movement for Greater Israel" rallies chauvinistic forces in Israel and strives for the political annexation of the territories conquered during the Six Day War. This Movement is most harmful to the cause of peace and to the democratic character of society. Peace and annexation are incompatible. The movement founded at the beginning of 1968 under the slogan "For peace and security, against annexations" by university professors, scientists and other personalities - is an expression of the aspirations of the democratic public forces to secure a just peace.

A peace treaty would be a turning point in Israel-Arab relations, in the chances for development, in the internal democratic struggle and in the advance toward socialist changes. The security budget for the financial year 1968/1969 is twice as large as that for 1967/68 and four times larger than the security budget approved four years ago. This security budget accounts for one-third of the general state budget and one-fifth of gross national output. Militarization intensifies the economic

crisis. A peace treaty will make it possible to direct these huge resources to projects of developing employment, raising the standard of public services and the general living standard.

When peace comes, favourable conditions will be created for the full and all-round development of Israel's economy, for the full exploitation of the natural resources hidden in the soil of our country. Horizons will be opened before the working class for basic social changes in Israel's society, economy and government.

The growth of a democratic movement for an Israel peace initiative and against annexations - may become an important factor in the emergence of an Israeli peace policy. Peace will create a more favourable background for the development of class struggles and for raising them to a higher stage, to the stage of a struggle for a socialist society.

Peace will make possible regional cooperation in the Mediterranean basin, joint exploitation of the water resources and the general development of the region for the benefit of all peoples who will live in good neighbourly relations and friendship.

On the international scene, the people of Israel is interested in supporting the cause of peoples' independence and world peace. In conditions of peace in the world and in Israel, the Israeli working people will develop the historical campaign for liquidation of capitalist rule and for the establishment of the rule of the workers.

THE TASKS OF THE FEDERATION OF LABOUR (HISTADRUT) - - - - IN THE CAMPAIGN FOR SOCIAL CHANGES - - - -

The General Federation of Labour is the greatest mass organisation of Israel and an important potential force in the struggles of the working people. Its programmatic documents, written when the Histadrut was founded in 1920, confirmed the principle of a class struggle against capitalist exploitation and for the liberation of the working people. On January 1, 1968, membership of the Histadrut totalled 794,600 as well as 309,700 housewives - totalling 1,104,300 organised members above the age of 18, (according to statistics published by the Histadrut Executive Committee, March 1968).

The present majority in the Histadrut leadership pursues a policy of subordination to the policy of the government of "national unity". This majority decided on a freeze of wages and social benefits for the period 1967-69. The leaders of the Israel Labour Party agree to the capitalists' demands to intensify the methods of class exploitation and deprive of

all meaning the cost-of-living allowance system. Upon the initiative of the Labour Party representatives the Executive Committee have given their approval to a draft law stipulating that advance notice must be given of any impending strike. In the ever-growing class struggles between labour and capital against dismissals and for the protection of social rights, the Histadrut leadership in many cases gets involved in a conflict between the workers' interest to prevent dismissals and to defend social rights, and its own attitude of support for the capitalists against the workers and against the objective interest of economic development. The majority in the Histadrut leadership failed to prevent the fall in the nominal and real value of the wages of a large section of the employees during 1967.

The working class is interested in a change of policy of the Histadrut. In its growing class struggles it will reach a deeper class-consciousness and become convinced of the necessity to elect a different majority in the Histadrut leadership - a progressive class-majority that will fight against exploitation by the big capitalists to encourage the workers and to protect workers' rights, letting them participate in the most important decisions made in the factories, for the development of the country and for social justice.

The General Federation of Labour is a joint organisation of the workers in the cities and villages. This joint organisation will forge a fighting alliance between workers in the cities and the villages, when the class conscious forces will be strengthened and will learn to develop class struggles for the benefit of the entire working population.

The conflicts of interest between all sections of the working people and the capitalists are not lessening, but on the contrary are deepening. The separate struggles of the various sections of the working people in cities and villages are paving the way to unity and will lead up to a joint anti-monopoly campaign. The guiding role in the unification of all the toiling forces can and should be fulfilled by the working class.

The struggle to restrict the rule of the big monopolies and capitalist companies, will develop as a democratic movement comprising the workers in cities and villages and the agricultural settlers and artisans. Its successes in imposing public control, restricting the rule of the monopolies and improving the workers' living standards will turn quantity into a new quality, paving the way for a movement against the private ownership of the means of production and for national ownership. "Gahal"'s entry as an organised faction in the Histadrut has brought an extreme right-wing into the Labour Federation, a direct representative of the employers. However, the laws of social advancement will prevail. The development of class struggles will bring about a social differentiation inside the Histadrut and

strengthen the class-conscious public forces, bringing to the fore a leadership that will defend the every-day and historical interests of the Israeli working people.

SAFEGUARDING THE RIGHT TO WORK

The central issue of the class struggles at many places of employment and in various branches of the economy during 1967/1968 is safeguarding of the right to work and the prevention of arbitrary dismissals. Some examples are: the struggles against the liquidation of the "Rastrom" prefabricated houses plant and against mass dismissals at the "Ilin" car assembly plant, and against the interruptions of production at the "Osem" food factory in the summer of 1968. Insofar as the workers succeeded in forging their solidarity and a fighting unity of action and in combining their demand for work with the requirements of developing the economy, they managed to cancel the dismissals or to secure increased compensation. The workers learn from their own experience that the capitalist system is unable to secure employment for all. During the year of economic recess (1966/1967), many thousands of veteran employees learned that their right to their job was not protected.

According to the figures of the Institute of Economic and Social Research published in March 1968, Israel's population stood at 2.7 millions. Israel's labour force in December 1967 was 927,000, of whom 845,000 were employed and 82,000 unemployed. The unemployed constituted 8.8% of the labour force. The term "employed" was taken to mean "everybody who has worked at least one hour in the previous week". As unemployed was defined every person who had not worked even one hour in the previous week and who had been looking for a job. There are people who disregard the basic existence of the problem of unemployment, claiming that there is a lack of skilled labour. There is such a shortage, indeed. The scientific-technical development demands people of a technical standard and know-how. But this problem provides no solution for another problem which is the existence of a section of part-time unemployed, workers in public services and old people who receive wages of IL.150. - to IL 170. - a month - a wretched income that is below subsistence level. One of the incurable contradictions of the capitalist system is the fact that on the one hand there is a section of unemployed - mostly unskilled labourers who want to work but do not find a permanent job -, and on the other, a vital need of developing industries, building and agriculture. The capitalist system is incapable of solving this problem. Arbitrary dismissals and insecurity for the worker at his place of employment are an ever-recurring feature of the capitalist social system. Its dimensions grew especially during the period of economic recess. Private ownership of the basic means of production brings

about a rush for maximal profits by intensifying class exploitation and limiting the purchasing power of the masses of employees.

The existence of a certain section of unemployed is, on the one hand, a result of the capitalist system. On the other hand, capitalists make use of this section of unemployed to press for the lowering of the workers' nominal and real wages. Insofar as the class and trade union struggles against arbitrary dismissals develops into a public campaign for putting an end to such practices and for safeguarding the right to work and full employment, this basic right will be secured. The decision on whether or not a given enterprise is to continue production under the capitalist system is not guided by the interest of the consumers or of the development, but by the private capitalists' greed for profits. The socialist system is guided by the principle of raising the living standard of the masses and securing full employment and smooth development of the national economy. The riches created by the working people under the socialist system are not used to benefit the private capitalist, but for development, to create employment and improve the living conditions of the masses. Once a socialist system is introduced in Israel, therefore, everyone will be assured of employment. The dignity of the individual will be enhanced, with conditions created in which each can fully develop his talents. Under the socialist system, the criteria for the evaluation of the individual will be his work and his personal qualities.

FOR ECONOMIC INDEPENDENCE AND DEVELOPMENT

The public campaign for the nationalisation of the foreign companies involves one of the most vital democratic changes in Israel's economy. The nationalisation of the foreign companies and their transfer to Israeli state ownership will pave the way for the further development of our country's economy. Can there be a government that imposes public control by the state on foreign capital investments? Uncontrolled foreign capital places obstacles in the way of the economic development of our country. Admittedly, a far from negligible number of industrial enterprises has been established by foreign capital, but reality has proved that unless they are subjected to public control and directed by the State, capital is guided only by the greed for maximal profits. The result is a distortion of the economic structure. One of the effects of this has been to restrict industrial production, limiting the development of basic heavy industries while inflating the relative weight in the economy of light industries and the services.

Foreign capital encourages the trend toward inflation, price increases and a drop in the real value of the workers' wages.

At the end of 1967, Rav-Aluf Maklef resigned from his post as general manager of the Dead Sea Works Corp. following the intervention of an American company. The report of Rav-Aluf Maklef, who is opposed to American intervention in the Dead Sea Works states: " I was not prepared to agree in the past and I am not prepared to agree today, that the two parties of the contract should not be equal, only because one of them is a huge American company". And he adds: "The state enterprises, which are basic enterprises, must fight for their profitability, while future prospects of varied production and increased profitability are enjoyed by enterprises in which foreign investors have a share. Moreover, in my opinion, the partners from the United States are not investing sums that would justify such a step. (Ma'ariv, 5.1.68)."

Rav-Aluf Maklef's point that it would be possible to develop the Dead Sea Works through Israeli scientific, technical and financial means, safeguarding the country's independence - is an example of the practical prospects for developing all our other natural resources without granting privileges to foreign capitalists. Nationalisation of the foreign companies would create better chances to mobilise all the forces of the employees, the intelligentsia and academic professions and all the natural wealth for the benefit of development and systematic progress.

In the summer of 1968, a conflict broke out between the "Egged" bus cooperative company and American capitalists over the granting of an import licence for six tourist buses from the United States. The management of "Egged" opposed the granting of such a licence to the American capitalists. The establishment of a tourist company by an American capitalist firm might cause the loss of the source of livelihood of hundreds of members of the bus cooperative while increasing the cost of tourist bus fares. It is characteristic that the representative of "Gahal" in the Ministerial Committee on Economic Affairs, Joseph Sapir, firmly demanded approval for the application of the American firm,

The dependence on foreign capital is not unavoidable. The share of capital import in the Israeli economy is not stable but shows a great decline. While in the early fifties the means derived from capital imports financed 80% of Israel's imported goods and services, this percentage sharply decreased to 38.8% in 1966. According to the calculations of S. Zarchi in the economic section of Al Hamishmar (1.3.68), the trend to be expected is a further drop of up to 20% during the next ten years. This fact is most important. It points to the conclusion that economic development increasingly derives its resources from the internal power of Israel's economy.

PUBLIC OWNERSHIP IS PREFERABLE TO FOREIGN OWNERSHIP

Foreign capitalists are interested in developing their own profits and not in developing our country so as to achieve economic independence. This is demonstrated by the delay in oil prospecting on the part of foreign companies. Though the soil of Israel holds oil resources, foreign companies have delayed in prospecting and initiating production. On one occasion, the third Knesset was asked to hold an all-night session so as to speed up the ratification of the Oil Concessions Law. The foreign companies who benefited from this law have since shown that they are misusing the concession granted to them. They have delayed the development of these natural resources.

For many years the public has been fed with stories to the effect that foreign ownership of basic enterprises is a condition for their success and their existence. This theory has been disproved by the facts. A case in point is the development of the Timna Copper Mines, in which a Canadian company offered to invest IL 8 million so as to increase copper production. The Israeli specialists thought otherwise, and achieved the same result by an investment of half a million pounds. Thus it turned out that it was Israeli specialists and public ownership which saved the state the sum of IL 7.5 million. The successful development in the Timna Copper Works is of importance, since the copper is used for exports that have grown from a value of \$ 2.8 million in 1962/63 to \$ 11 million in 1967/68. Now Timna has at its disposal 19 million tons of lead containing 1.5% copper. Researches are continuing and copper lead has been found at other sites in the Arava region. The Timna Copper Mines is one case of a public state-owned enterprise proving itself more successful than suggested ownership by foreign capitalists of the same undertaking. Carrying on the struggle for a policy of economic and political independence and for putting an end to Israel's dependence on the imperialistic West (mainly American imperialism) will help economic development and promote the struggle for socialist changes. Socialist Israel will receive aid from various socialist countries based on respect for sovereignty and independence.

DEMOCRATIC STRUCTURAL REFORMS - QUIET REVOLUTIONARY TRANSITION TO SOCIALISM

The campaign for structural reforms is directed basically against the economic positions of the big capitalists and its final aim is to achieve the rule of the working class. At first, it is intended to direct the main public activities of the working class to the just demand for a change in the distribution of the national income. This means raising the struggle for trade-union demands to a new level, to the wide class and political sphere. The development of the forces of production in the

stage of monopoly capital rule creates a series of conditions by the strength of which the social revolution becomes a vital and urgent necessity out of the social development itself. The campaign for structural changes combines the political aims of the masses of workers with the historical aims of the working class for a socialist society. This does not mean abandoning the demands for wage increases and a shorter working day, for prevention of "technological" unemployment and maintenance of the cost-of-living allowance, or against the price increases.

To fight for structural reforms means using the immediate requirements as a starting point and extending them to demands for restricting the rule of the big capitalists. Structural reforms are not intended to correct capitalism but they are changes forced by the struggle of the working people. These changes extend the competence of the employees in an enterprise where previously the big capitalist enjoyed exclusive authority. Reforms that bear an anti-capitalist character are an important way to mobilise the working class for a revolutionary and quiet transition to socialism. The onslaught must be directed mainly to key positions, to sectors that supply the main national income. In enterprises and institutions controlled by the trade-unions and from other platforms of the working class, it is necessary to raise the issue of the workers' right to have a share in the control of the process of production, of price policies, and the organisation of labour. The secrecy should be lifted of accounting and banking and commercial arrangements.

The anti-capitalistic structural reform is linked with a clear aim with regard to government and defines the aspiration of transferring the rule from the hands of the capitalists to that of the working class. The feeling should be instilled in the toiling masses that the struggle for structural reforms brings about the need to decide the issue of power, and the struggle for power will in the final instance decide the fate of the struggle for socialism. The attitude toward the struggle for power is one of the differences between the reformist attitude and the revolutionary attitude of scientific socialism.

Popularisation of the idea of structural reforms should be accompanied by firm criticism of capitalism as a whole, its internal contradictions and methods of production and the social inequality fostered by it. This campaign should be accompanied by socialist education, presenting the idea of socialist justice and its correction of the injustice of capitalism and of capitalist anarchy. The illusions of capitalist myths should be uncovered, as well as the reality behind the propaganda which praises the stable purchasing power of money under the capitalist system.

As the campaign for anti-capitalist reforms is being conducted

conditions will be created to develop strikes and demonstrations where the workers will present their demands for working-class rule and for the liquidation of the capitalist social system. This forecast presumes the development of public activities by the masses of employees, and not political apathy. It has been proved that the attainment of higher wages does not automatically bring political apathy. In Italy, Belgium and other capitalist countries, wage increases led to increased support for the Communist parties in these countries.

Socialist strategy should be based on ever-increasing public activity of the masses of employees. The pace of public activity mainly depends on the level of class consciousness and of unity of action developing in the long run. The class struggle will bring success insofar as it is accompanied by increasing development of mass activity combining every-day demands with demands of an anti-capitalist structural character, such as the dissolution of cartels and public control of the banking system, in short - democratisation of the economy.

THE CAMPAIGNS FOR CLASS AND DEMOCRATIC OBJECTIVES RUN CONJOINTLY

The way to socialist changes lies in intensification of the class struggle and the political struggle for structural changes, for working-class control of the key positions of production and of the economy. This campaign must be conducted simultaneously on several public fronts. At the level of class relations between employees and employers, at the political and legislative level (such as abrogation of the law for the encouragement of capital, through nationalisation of the banks, etc.), and at the level of internal democratic struggle (such as protecting the right to strike, and fighting for peace and security while opposing territorial annexations). All these campaigns together can mobilise the widest sections of the public, forming one joint trend in the campaign for defence of the workers and for democracy, peace and socialism.

In paving the way to socialism, the fundamental issue is that of power. A class struggle for democratic changes in all branches of the economy and in all the central and local institutions of government will promote the cause of deepening socialist changes.

The vital democratic changes for the benefit of both the workers and the economy are:

1. Development of economic democracy : this will find its expression in workers' participation in the administration of enterprises and in all the basic decisions affecting the process of production, control of price calculations, wages and profits, the expansion of production, direction of investments, etc; the establishment of an economic planning authority

for industrial and general development with the participation of trade-union representatives from various economic sectors, and representatives of the Histadrut and other public organisations.

2. Increase the purchasing power of the masses : This will find its expression in wage increases and the improvement of fringe benefits in accordance with the agreed demands of the workers in the various sectors of the economy; safeguarding the cost-of-living allowance system and its full regular payment. An increase in the purchasing power of the masses will extend the market and establish a firm basis for extending industrial and agricultural production; it will also encourage technological perfection and will help to cheapen production, while enhancing the capacity of Israeli products to compete on export markets abroad.

3. Legislation for the benefit of the working people and for restriction of capitalist rule, abrogation of the law to encourage capitalists and adopting a law to encourage workers; a law to secure the freedom to strike; legislation introducing national unemployment insurance; increase in old-age pensions by increasing the share of the employers and the government in the insurance funds; abrogation of the law which permits the formation of cartels and a law for public control of the banking system.

4. Public control of capitalist companies should be introduced with the participation of elected representatives of the workers' organisations. Control must include calculation of prices of the products and all details of the balance sheet (including profits and the allocations made to funds and dividends).

5. The working class, its institutions and parties should demand the abrogation of cartel agreements, which affect the quality of products, increase prices unjustifiably and thereby harm production and the masses of consumers. This demand should be presented in those factories which are organised in cartels, in the Labour Councils, in Parliament, etc.

6. Nationalization of the big banks ; establishing public ownership of the banks will prevent private profits derived from arms transactions and speculation, put an end to the misuse of credits, and prevent the possibility of private domination of enterprises. The trial of the owners of the Feuchtwanger Bank in May 1968 proved that certain private capitalist groups took advantage of and abused special privileges in obtaining credits. The nationalization of banks would make it possible to grant cheap and short-term credits to producers. It would also help the development of the economy by financing the planned production in industries, agricultural settlements and workshops for the benefit of the economy.

7. Nationalisation of foreign trade by putting an end to private ownership in foreign trade and establishing state ownership, it will be

possible to direct imports and exports so as to extend exports on the basis of general and effective planning of the economy. Making exports dependent on the condition of getting allowances from the government is one of the ways in which the big capitalists derive considerable amounts from the state budget.

8. Resistance to the closing of enterprises; instead, a campaign should be waged for their development and extension based on proper planning by the economy so as to enlarge its basis and improve its structure giving priority to the productive branches over services, and to the production of the means of production (machines, instruments and equipment) over the production of means of consumption.

9. Nationalisation of the foreign concessions.

10. State-owned industrial complexes should be constructed - in heavy industries including petro-chemical, electronics, steel foundries, petroleum, etc. Nationalisation of the industries producing equipment, means of transportation, airplane, shipyards, machinery assembly plants, etc. The bulk of development budget funds should be directed to state and cooperative industries.

11. Approval will be granted for capital imports only if it is of productive value and fits in with general plans for development of the economy. There should be no more imports of parasitical capital invested in non-productive branches.

12. There should be no more sales of key industries to private capitalists.

13. Establishing public institutions to administer the electricity and water services, to replace the present appointed institutions.

14. A democratic change in the structure of the marketing boards so as to turn them into institutions acting for the benefit of the consumers.

15. Lowering and stabilising prices by curbing inflation, dissolving cartels, lowering taxes, restricting profits and directing the remaining profits to the extension of production in accordance with the planning for the development of the national economy.

16. Aid for the small and medium-scale manufacturers through cheap, long-term credits, making equipment and raw materials available on favourable terms, protection of Israeli products against competitive imports and aid in selling their products on the home and export markets.

17. A democratic change in the structure of the general system of taxation so as to lower the taxes payable by lower and medium incomes and increase those payable by big capitalists.

18. Development of large-scale popular housing schemes through a

lowering of indirect taxes on building materials and lowering land prices, the construction of suitable buildings for schools, hospitals and rest-houses in the vicinity of the large urban centres and near the places of residence of new immigrants and of centres of the Arab population.

19. A policy aimed at bringing about an agreed solution of the Israel-Arab conflict and peace will lead to a curbing of the armaments race and cut its huge costs thereby stopping up the main source of inflation and releasing large sums for the peaceful development of the economy.

It is often asked whether the absorption of immigrants and the initial construction of the country do not make it necessary to postpone the stages of the campaign for socialist changes. In our view, in the late sixties of this century, the stages of absorption, upbuilding of the country and social changes are deeply inter-connected. There is no contradiction between immigrant absorption and social and economic struggle for socialist changes. In economic and social terms, the absorption of immigrants means housing, jobs, integration in the Israeli way of life. And it is in order to extend the opportunities for productive employment, building and unhampered development that socialist, democratic, economic and social changes are necessary.

The way to overcome the economic crisis is through active public campaigns to change Israeli policy in the direction of economic democratisation, restricting the rule of monopoly capital and planning development in accordance with the interests of the economy and of the working people. These democratic changes constitute a qualitative change preparing the conditions for a revolutionary transition from the capitalist social system to a socialist system, to establish public ownership of the basic means of production.

THE LEFT FRONT AS A BASIS FOR UNITY OF THE WORKING CLASS

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In order to implement changes in Israeli society, the unification of left-wing labour is necessary. Such a unification can be established in the struggle against the policy of the government that is tying Israel to the bandwaggon of monopoly capitalism. The left front in Israel is an objective necessity and most vitally needed for the defence of the everyday interests of the toilers as well as for the promotion of their historic aim for peace and socialism. There are groups which describe the setting up of an alignment between Mapam and the Labour Party as an "original Israeli way to socialism". The true significance of such a step is not an advance by the labour movement to socialism but the loss of Mapam's political independence and its subordination to the decisions of the Labour Party. This is a move to the right for the labour movement.

The reformist right-wing is seeking to put an end to a left-wing alternative in the Israel Labour movement. Efforts to this end are being made in both theoretical polemics and in policies. One of the steps that are intended to prevent the rise of the left-wing forces through legislative moves is the scheme to fix a minimum vote of 5% for any party to be represented in the coming parliament. On the one hand, the Labour Party is leading the onslaught on the workers living standard through the wage freeze and on their democratic rights (curbing strikes) and on the other hand, attempts are being made to prevent the parliamentary representation of oppositionary left-wing forces through artificial measures. The Israel Communist Party, which combines Israeli patriotism with proletarian internationalism, strives for cooperation with other left-wing forces. Cooperation between left-wing forces will constitute the basis for a unification of the labour movement, based on both class and national loyalty alike. Equipped with its understanding of the theory of the laws of social development, the Israeli Communist Party marks the link between the every-day campaigns of the exploited classes for the defence of their interests and the historical interests of all the toiling sections for a society without class or national oppression and for a progressive and peace-loving society.

By fostering the idea of unity of action of the workers and advocating slogans which may unite wide sections of the public against the big capitalists, and through activities for peace and national independence, the Communist Party is building a bridge between itself and the other public forces in the labour movement which understand the historical value of the campaign for the defence of the working people and for democracy, national independence and peace.

A left front is not only an aspiration and a vital aim; it is also in view of objective social development, a practical possibility. Intensification in the onslaught of monopoly capital and of the "national unity" government on the working class and the middle strata will rouse increasing opposition among the working class, deepening its class consciousness and class struggles. Support for the interests of the big capitalists by the Labour Party leadership will open the eyes of class-conscious circles within the labour movement and lead to the consolidation of its left-wing forces.

The surest way to prevent consolidation of the right wing is not surrender to that same right-wing, and not being swallowed up by it, but establishment of a strong left front. This left front will be a starting point for the development of class and political struggles for the defence of the workers, for democracy and the inspiring ideas of a stable and just peace between Israel and the Arab countries and the establishment of a socialist society in Israel.

A DIALOGUE ON THE ROAD TO SOCIALISM

In outlining Israel's way to socialism, we do not believe that we have the monopoly over ideas on all the aspects in this complex, profound and vital social issue. Nor do we intend to force our own way on other public groups and organisations. We do not claim to deal with all aspects of the forms and ways to a revolutionary and non-violent transition of the Israeli working class to a socialist system in Israel.

It is our aim to contribute our share to the dialogue and exchange of views between the labour parties, between workers at their places of employment, in the agricultural settlements, in the kibbutz movement, among the working intelligentsia and civil servants, concerning Israel's way to her great future, to the socialist change. Such a dialogue or "multi-logue" can make an important contribution provided it is conducted on the basis of mutual respect, elaboration of the issues under dispute and highlighting of the issues that we have in common. It will be useful to make joint efforts for an all-round analysis of Israeli society in its dynamical development and for the utmost co-operation over all the outstanding vital issues. Cooperation between the left-wing forces in joint campaigns will enhance the common battle illuminating the road to the future and acting as a lever for the fundamental struggle for the establishment of a society of a society of social justice - for a socialist system in Israel.

